How much does General Mills make?
As a present or future customer of General Mills, you have every right to know how much we make on the products we sell. Last year— as for a good many years—our profit was about 3¢ on each dollar of sales.

Where do we live?
Our headquarters are in Minneapolis. But we also live in 39 other states where we have major offices, mills and manufacturing plants. Our newest plants are in Kankakee, Ill., Lodi and Los Angeles, Cal.

What happens to our profits?
Less than half of our earnings usually goes to the 13,500 men and women who own General Mills...the stockholders who live all over America. The rest is reinvested in the business for research and expansion.

What do we make?
We produce Wheaties and Gold Medal "Kitchen-tested" Flour, Larro Feeds for livestock and poultry, electric irons and toasters, vitamins, Betty Crocker cake mixes and Bisquick...and many other products. We hope, through research, to broaden our activities still more. If we do, we hope to add still more people to the 12,000 we now employ.
September 1951

In This Issue...

- Chattanooga Choo-Choo Forced to Give Way to The Donkey Serenade
- It's Time for ACTION! You Have a Job to Do for Banking—By Byron L. Pumphrey
- From All Over America, “Working Program for Independent Banking” Endorsed by I. B. A. Members
- Chicago to Welcome the A. B. A. in 77th Annual Convention This Month
- Complete A. B. A. Convention Program Edited for Easy Reading
- Independent Bankers: Be Sure to Attend Your Breakfast at the A. B. A. Convention!
- Inflation Costs More Than Taxes — By Dr. Harley L. Lutz
- All Succeeds Walden on I. B. A. Executive Council
- Washington Snapshots
- Buscher Elected to I. B. A. Executive Council
- Central California Independents Elect New Officers

And These Monthly Features...

- THE INDEPENDENT BANKER Forum
- Cover Picture
- Did You Know...
- Secretary’s Letter
- Tax Letter
- Around the Nation
- Punch from the Press
- Editorials

SUBSCRIPTION RATES

- Single Subscription for One Year (12 issues) $6.00
- Group Subscription of 3 Copies Each Month for One Year (at only $4.50 Each) $13.50
- Group Subscriptions of 4 or More Copies Each Month for One Year Are at the Rate of Only $4.00 Each.

Single Copy $0.50
When I was young, grandpa was so embarrassing...

If anyone questioned his pet brands, he'd take it as a personal insult.

Once, when an old crony made some slurring remarks about grandpa's favorite brand of pipe tobacco, he refused to speak to the man for two years.

But he was most embarrassing about that car of his. He'd bought it back in 1919... and from that day on, he took full credit for everything about it.

Whenever he saw another car of the same make, he'd go up to the owner like the fellow was a long-lost brother. He'd button-hole perfect strangers, and practically kiss 'em!

To a small boy it was agony... could anything be cornier?

As I grew older, I began to see that having brand names you could look for and trust, wasn't a bad idea at all.

Maybe it is "corny" to think of familiar brands as old friends...

But it's good to know exactly what you're getting. It's reassuring to realize that most manufacturers of brand name products spend money for research and quality control to make their brands live up to their name.

They know the best way to make money is to make friends!

Every day thousands of these brands are fiercely competing for your friendship... trying to give you more and more value and quality.

If value, and better products, and better living are "corn," let's have more of it.

As you study the ads in these pages, remember... brand names are names of friends you can count on!

Whenever you buy—

demand the brand you want
Sirs:

What's happened to the "Tax Letter" in your last couple of issues? We considered that feature one of the most important and practical sections of your magazine, and hope that you haven't discontinued it. Your man Zimmerman writes exceedingly well on an otherwise "dry" subject, and obviously perceives the many tax problems of the average small-town banker.

When do we get another "Tax Letter"?

G. H. Owens
Little Rock, Ark.

Sirs:

People usually don't "write to the editor" unless they have a complaint, and I've never done so before this — but mine isn't exactly a complaint just partially so. Your July and August issues omitted the article on tax problems that we had come to like so well. What's the matter with it — has your tax man been ill or vacationing, or has the tax situation become so bad that you people figure there is no point in handling it?

We do hope that you will bring us a tax article regularly again, as it is very well-written and to-the-point.

For that matter, so is your whole publication. Congratulations!

George Andresen, Jr.
Indianapolis, Ind.

• Readers Owens and Andresen, and dozens of others who have inquired, may rest easy: there just hasn't been room for all the worthwhile material which has been pressing for attention these past few months, and something had to "give". The fact that it was our "Tax Letter" was just happen-so. As you can see, it's back this month, and we hope will appear regularly from now on. Thanks for your interest! — EDITOR.

Sirs:

I am glad that we now have an organ for the independent banker. It certainly is my wish that it will grow and become a permanent success and that it will militantly support the cause of independent banking.

Best wishes for the success of The Independent Banker.

I. M. Thompson
President and Cashier,
Peoples State Bank
Milan, Minn.

September 1951

It's Fair-time throughout the United States. Men, women, children spend a good deal of time just at this season of the year in preparation for and enjoyment of their county and state fairs. It's a great season for one and all. It's Fair-time!

Bankers — like the one seen walking into the Fair grounds in our cover picture — share their friends' natural fondness for education and entertainment at the Fair, of course, but they have other reasons for their interest: many of them are wrapped up desk-deep in the "mechanics" of the local Fair — finances, management, manpower, exhibit-judging, prize-awarding. It's a grand opportunity for America's bankers to refresh and strengthen their public relations activities. You see everyone at the Fair.

So, let's all join the happy throng. Let's all join the chorus: "Heigh, Ho, Come to the Fair!"

(Please by H. Armstrong Roberts).

TURNING WEEDS INTO MILLIONS

BY RESEARCH

A thistle long regarded a nearly worthless weed, turned into a $1 million crop last year as a result of industrial research. It is the saffron, which until recently was of no use except that its flowers could be made to yield an inferior, reddish dye. However, industrial chemists discovered that saffron oil helps produce a white paint that holds its gloss without turning yellow. Californians now are raising saffron on spots where soybeans won't grow. Saffron seed cake is also being used as livestock feed.
CHATTANOOGA CHOO-CHOO
FORCED TO GIVE WAY TO
The Donkey Serenade

FRONT ROW (left to right): George M. Clark, bank president; Robert E. Knight, branch manager, and John Cummings, vice president. Standing on the steps, left to right, are George Nye, head teller of the new branch; Drue Smith, commentator on the bank’s radio program; Spooks Beckman, radio announcer, and Grady Brothers, branch teller.

Taking a page out of pioneer history and utilizing the means of transportation of America’s pioneer settlers in moving their precious belongings across the Allegheny Mountains on pack animals, the enterprising Pioneer Bank of Chattanooga, Tennessee, transferred the first portion of the cash for the opening of its new Farmers-Merchants Branch from the main office, on a pack saddle of a small burro.

Guided by bank employees attired in fringed cotton duplicates of pioneer buckskin jackets and toting antique long rifles and powder horns borrowed for the occasion, “Honkey” the jackass created great excitement as he plodded through the city with $73,400 on his back.

The procession—“Honkey” and his associates were guarded by a police squad car, armored truck, and the armed-to-the-teeth “pioneers” themselves—went from the main bank on Broad Street to the courthouse, then to city hall, finally to the new branch on 11th Street.

Official opening of the new facilities took place on August 14, but because of the early completion of the quarters and demand from merchants in the area, the opening of accounts began as soon as the first money reached the branch via “Honkey”, on August 10.

Wholesale grocers observed the inauguration of the new bank with a barbecue in front of the branch on Monday evening, August 13.

Charlemagne sent Christian missionaries to Bremen, Germany, in 787.

THE INDEPENDENT BANKER
DON'T JUST READ THIS, THEN TOSS IT ASIDE! READ IT AGAIN . . . LET'S ALL GET BUSY!

It's Time For Action!

YOU

HAVE A JOB TO DO FOR BANKING!

It is fitting to mention again the Independent Bankers Association convention held in Mobile, Alabama, last April 9-10. During my more than 30 years in the banking field, I have never attended another gathering with which I was so completely satisfied. I have yet to find one registrant who does not feel as I do about that convention.

Especially was I pleased with the attitude demonstrated by our several distinguished speakers. By that, I mean they seemed interested enough to listen to the other speakers, not merely content to give their own addresses and then make a very quick exit, as has been the case at other gatherings I have attended.

Dr. Edison H. Cramer, representative of the Federal Deposit Insurance Corporation, joined me after delivering his speech and listened with me to the next speaker. Due to the fact that I had been an examiner for the FDIC for more than nine years,

Banking is just good old horse sense.

Let us keep the human way of banking.

Let each of us do as I intend doing: get a list of our neighboring banks that are not members of the I. B. A.

Don't just write or call them about membership. Go and see them.

... says

BYRON L. PUMPHREY
Vice President
Fidelity Deposit Bank
of Derry, Pennsylvania

(1933-42), he and I had a grand time discussing the corporation. I was surprised to learn, during our conversation, that insured savings and loan associations now are enjoying the same privileges as insured banks, meaning that upon the failure of a savings and loan association, its depositors receive up to $10,000 immediately, rather than being prorated over a period of time. This, in my opinion, is very unfair, due to their very low rate of federal income tax, which naturally allows them to pay much higher rates of interest on their savings accounts.

It was particularly gratifying to note the very large turn-out for the presentation and adoption of the resolutions written by the resolutions committee, of which I was a member. Being appointed to this committee by President Bell afforded me great honor and privilege. At our convention, the so-called country banker like myself surely received recognition. This should be practiced at other gatherings of bankers, but it usually appears that only bankers from metropolitan areas are chosen.

Our resolutions were really argued, pro and con, by a wonderful turn-out before their adoption. And I pay tribute at this time to Mr. R. J. Castille of Guaranty Bank & Trust Company, Lafayette, Louisiana, chairman of our committee, who did a splendid job — and also to the other committee members with whom I was privileged to work.

... explain what our objectives are.

In so doing, we may acquire a working member, rather than one that simply pays dues and lets it go at that.

We are facing one of the most dangerous times in our history. If we don't get busy, the day for human bank relations may be over!
For the benefit of those who do not understand the meaning of independent banking, I would like to relate a story or two which illustrate how, if present trends continue, our fine American dual banking system of banking will eventually be ruined.

I came to Derry, Pennsylvania, just a little over three years ago from Baltimore, where I was born and where I lived until coming here. I started in the banking field in 1917, and in subsequent years examined banks for the Federal Deposit Insurance Corporation and the Maryland state banking department. My territory covered six states, and it is estimated that I visited more than 10,000 banks. I examined banks for approximately 11 years, except for nine months spent in the Armed Forces.

This background is furnished for the purpose of showing that I am in favor of the purposes of the Independent Bankers Association. There is no reason why every banker in the country - if he thinks at all - should not feel as I do. I outline these two cases to prove that centralized banking definitely will be detrimental to our American way of life.

After my bank-examination career, I decided to take a position with a larger bank in Baltimore which had some 18 or 20 branches, as a branch manager. It so happened that the branch I managed was an entirely new branch located in the community in which I was born and where I lived for 22 years. I knew practically everybody in this district, especially the older residents. I had examined an independent bank located just half a block from my branch office. Certainly, if anyone was qualified to pass judgment on credit, it should have been me.

Of course, after my return to my old community, a large number of people who had known me since boyhood, opened accounts with me, and we grew very rapidly.

One of the incidents I wish to point out has to do with a gentleman whom I have known since boyhood. I knew definitely that he had considerable worth. I had talked to him on numerous occasions, telling him that if I ever could be of help, to let me know. He had established excellent credit with the other bank in the community, and didn’t have to come to my branch.

One day, out of courtesy to me, he approached me for a small loan of $1,500, which was to be used for the purchase of a piece of real estate.
It is my opinion, considering my background experience in banking and my knowledge of the applicant, that I certainly was better qualified to pass judgment than the main office.

Now, pointing out the disadvantages of centralized banking, suppose my branch had been the only bank in the community — what would this gentleman have done? In plain language, the main office of that bank didn't give a hoot about this person. You can see there is absolutely no human interest at all in a situation such as has been related here.

In my present position here in Derry, I grant loans like this every day and in over three years I have lost exactly $140.

The other case I wish to bring to your attention happened with the same institution. I was approached by another gentleman who happened to be very prominent in the community, and of considerable worth. He wanted to borrow $20,000, to be secured by assignment of a savings and loan passbook which indicated a balance of more than $30,000. Upon receipt of this application, I did not bother with the small department head, but went directly to the chairman of the board and told him very abruptly that I wanted this loan approved, and at once. The loan was approved, but here is the ridiculous outcome of this transaction: after this loan had remained in the bank about three months — and, of course, on a demand-for-payment basis — it was called for payment by the main office. They raised the question of the "goodness" of the savings and loan association whose deposit secured the loan.

History of the association showed that it had been founded 70 years earlier, and had an excellent state-ment and earning power. I, myself, had saved money in this association when I was a boy.

As you read this, you wonder about the management in the larger institution. Are they qualified? From what book do they get their ideas? Just imagine my embarrassment in both of these cases. Fortunately, both men knew me well enough to put the blame where it belonged. Thank God, they exonerated me of all blame.

My experience has been that you find a more qualified country banker and a less qualified so-called branch banker. Experience is the greatest teacher. In my opinion, it surpasses the so-called "banking" education taught in colleges. As Mr. Richard W. Trefz, chairman of the American Bankers Association's country bank operations commission, says: "Banking is just good old horse sense."

So I repeat again: let us keep the human way of banking.

Let each of us do as I intend doing: get a list of our neighboring banks that are not members of the Independent Bankers Association. Don't just write or call them about membership, but go and see them. Explain what our objectives are. In so doing, we may acquire a working member, rather than one that simply pays dues and lets it go at that.

A few days ago I received from Ben DuBois, our grand secretary, a copy of the report of the hearing officer, R. M. Evans, in the matter of Transamerica Corporation. It is my opinion that very few bankers know of that organization's operations. Why they were not stopped long ago is beyond me. They have extended their operations into five states in the West Coast area, and, I would say practically control banking in that region. Men like A. P. Giannini, who is dead, certainly are not interested in what the American way of life stands for. I suggest that each banker get a copy of this hearing and read it, and see just how they operate. If we don't, it will be like locking the stable door after the horse has been stolen.

We have the very same situation here in my state of Pennsylvania. The organization I have in mind has expanded to about 30 offices. This outfit gives me competition — yet explains what our objectives are. In my opinion, it surpasses the American way of banking. Let each of us do as I intend doing — but go and see them.

Don't just write or call them about membership, but go and see them. Explain what our objectives are. In so doing, we may acquire a working member, rather than one that simply pays dues and lets it go at that.

As you read this, you wonder about the management in the larger institution. Are they qualified? From what book do they get their ideas? Just imagine my embarrassment in both of these cases. Fortunately, both men knew me well enough to put the blame where it belonged. Thank God, they exonerated me of all blame.
At The ABA Convention

BE SURE TO ATTEND THE ANNUAL

INDEPENDENT BANKERS BREAKFAST

☕

8 A. M. MONDAY, OCTOBER 1
GOLD ROOM, CONGRESS HOTEL
MICHIGAN BOULEVARD, CHICAGO

Guest Speaker
HON. BRENT SPENCE
Member of Congress from Kentucky
Chairman, House Banking and Currency Committee

Subject
"INDEPENDENT BANKING MUST BE PRESERVED"

BREAKFAST $2.00 PER PERSON
(INCLUDING TAX AND GRATUITY)

FOR TICKETS, PLEASE ADDRESS:
MR. R. F. HOLLISTER, EXECUTIVE MANAGER
INDEPENDENT BANKERS ASSOCIATION OF THE
TWELFTH FEDERAL RESERVE DISTRICT
802 FAILING BUILDING - PORTLAND 4, OREGON
Chicago to Welcome A.B.A.
In 77th Convention This Month

September 1951

Government, industry and education have been drawn upon heavily for speakers at the 77th annual convention of American Bankers Association, in Chicago, September 30-October 3.

Among headliners at general sessions of the convention will be:
• Erle Cocke, Jr. of Dawson, Georgia, national commander of the American Legion.
• Robert E. Gross of Burbank, California, president of Lockheed Aircraft Corporation.
• Dr. Deane W. Malott, president of Cornell University, Ithaca, New York.

• James E. Shelton, president of Security-First National Bank of Los Angeles, president of the A. B. A.
• Secretary of the Treasury John W. Snyder will greet the convention at the first of its two general sessions.
• Speaking at the sessions of the organization’s four divisions will be: Dr. George S. Benson, president of Harding College, Searcy, Arkansas; Ralph W. Carney, vice president of the Coleman Company, Wichita, Kansas; James C. Downs, Jr., president of Real Estate Research Corporation, Chicago; Frederick V. Geier, president of Cincinnati Milling Machine Company, Cincinnati, and Clarence E. Manion, dean of the law school at University of Notre Dame, South Bend, Indiana.
• Banker-speakers at the division meetings will be: Paul E. Farrier, vice president of First National Bank of Chicago; Arthur A. Smith, vice president and economist of First National Bank of Dallas, and the presidents of the divisions. Preston Delano, Comptroller of the Currency, will be a guest at the national bank division meeting.

A traditional feature of the convention will be the breakfast meeting of the A.B.A.’s agricultural commission. Scheduled for the Stevens Hotel on Tuesday morning, October
SUNDAY, SEPTEMBER 30

4:00 p.m. — RECEPTION AND TEA. Grand ballroom, Stevens Hotel.

Evening — SUNDAY EVENING CONCERT. Orchestra Hall, Chicago Symphony Orchestra; Rafael Kubelik, conducting.

MONDAY, OCTOBER 1

10:00 a.m. — SAVINGS AND MORTGAGE DIVISION meeting in North ballroom, Stevens Hotel.
   Address of the President by William A. Reckman, president of Western Bank & Trust Company, Cincinnati.
   Address: "MORTGAGE FINANCING DURING 1952" by James C. Downs, Jr., president of Real Estate Research Corporation, Chicago.

10:00 a.m. — STATE BANK DIVISION meeting in grand ballroom, Stevens Hotel.
   Address of the President by John Q. McAdams, president of Winters State Bank, Winters, Texas.
   Address: "NEW STRENGTH FOR AMERICA" by Ralph W. Carney, vice president of the Coleman Company, Wichita, Kansas.
   Address: "THE NATIONAL BALANCE SHEET" by Dr. George S. Benson, president of Harding College, Searcy, Arkansas.

12:30 p.m. — LUNCHEON AND FASHION SHOW for ladies attending the convention. Grand ballroom, The Palmer House.

2:00 p.m. — NATIONAL BANK DIVISION meeting in grand ballroom, Stevens Hotel.
   Address of the President by L. C. Bucher, president of Lincoln National Bank, Cincinnati.
   Address by Frederick V. Geier, president of Cincinnati Milling Machine Company, Cincinnati.
   Address: "THE BEHAVIOR OF MONEY" by Arthur A. Smith, vice president and economist of First National Bank of Dallas.

2:00 p.m. — TRUST DIVISION meeting in North ballroom, Stevens Hotel.
   Address of the President by Raymond H. Trott, president of Rhode Island Hospital Trust Company, Providence.
   Address: "POWERS OF APPOINTMENT" by Paul E. Farrier, vice president of First National Bank of Chicago.
   Address by Clarence E. Manion, dean of the law school, University of Notre Dame, South Bend, Indiana.

Registration for the estimated 5,000 bankers and their wives expected from all parts of the United States will take place at the Stevens, where business sessions are slated. Information booths will be maintained in both the Stevens and the Palmer House.

The convention will open on Sunday, September 30, with the annual meeting of the A. B. A. commissions, committees and councils, which are the association's working machinery.

Monday, October 1, will be devoted to the annual meetings of the four divisions: state bank, national bank, savings and mortgage, and trust. A public relations session will be held that evening.

The two general sessions will be conducted on Tuesday morning, October 2, and Wednesday morning, October 3. At the latter meeting, officers for 1951-1952 will be elected and installed.

Chicago's banks will hold a reception and tea for delegates and their wives in the grand ballroom of the Stevens on Sunday afternoon, September 30, beginning at 4:00 p.m. The annual Sunday evening concert will be held in Orchestra Hall, featuring the Chicago Symphony Orchestra, conducted by Rafael Kubelik.

Ladies attending the convention will be guests at luncheon and fashion review in the grand ballroom.

THE INDEPENDENT BANKER
of the Palmer House on Monday, October 1, at 12:30 p.m.

Receptions will be staged in the grand ballrooms of both Palmer House and Stevens at 5 p.m. on Tuesday, October 2.

Chairman of the general committee representing member banks of the Chicago Clearinghouse which will be hosts to the nation's bankers is Solomon A. Smith, president of Northern Trust Company. Members of the committee are:

Edward E. Brown, chairman of First National Bank; Mark A. Brown, president of Harris Trust & Savings Bank; Philip R. Clarke, chairman of City National Bank & Trust Company; Walter J. Cummings, chairman of Continental Illinois National Bank & Trust Company; Lawrence F. Stern, president of American National Bank & Trust Company; C. S. Young, president of Federal Reserve Bank; L. B. Achor, president of District National Bank;

Charles H. Albers, secretary of Chicago Clearinghouse Association; Laurence Armour, chairman of Chicago National Bank; Arthur A. Baer, president of Beverly State Savings Bank; Marion R. Baty, president of South Shore National Bank; Lambert Bere, president of State Bank of Clearing; Clarence A. Beutel, president of South East National Bank; Henry J. Beutel, president of Belmont National Bank; Carl A. Birdsall, president of Continental Illinois National Bank & Trust Company; George R. Boyles, president of Merchants National Bank; Julius

9:15 a.m. — FIRST GENERAL SESSION in grand ballroom, Stevens Hotel.

Call to order by President James E. Shelton, president of Security-First National Bank of Los Angeles.


Greetings by John W. Snyder, Secretary of the Treasury, Washington.


Address by Robert E. Gross, president of Lockheed Aircraft Corporation, Burbank, California.

Address of President Shelton.

5:00 p.m. — RECEPTIONS in grand ballrooms of Stevens Hotel and The Palmer House.

WEDNESDAY, OCTOBER 3

9:15 a.m. — SECOND GENERAL SESSION in grand ballroom, Stevens Hotel.

Call to order by President Shelton.

Address: “THE WORLD ON YOUR DOORSTEP” by Dr. Deane W. Malott, president of Cornell University, Ithaca, New York.

Address by Erle Cocke, Jr., national commander of American Legion, Dawson, Georgia.

Report of resolutions committee.

Report of nominating committee and election of officers.

Inauguration of officers.
C. Brenza, president of Metropolitan State Bank; Peter I. Bukowski, president of Cosmopolitan National Bank; E. C. Burmeister, president of Lake View Trust & Savings Bank; R. O. Byerrum, president of University National Bank;


T. H. Golightly, president of National Bank of Commerce; Florian A. Groenwald, president of Mid-City National Bank; Wilfred H. Heitmann, president of Northwest National Bank; Edgar Heymann, president of Exchange National Bank; Samuel F. Hillman, president of Peoples National Bank; Harry A. Hunberger, president of Bank of Rogers Park; Louis J. Janata, president of Kaspar American State Bank; Carl L. Jernberg, president of South Side Bank & Trust Company; J. Louis Kohn, president of Sears-Community State Bank; Joseph Kopecky, president of Lawndale National Bank;


R. J. Neal, president of Drexel National Bank; Guy A. Nelson, president of South Chicago Savings Bank; Hiland B. Noyes, president of Upper Avenue National Bank; J. Vincent O'Neil, president of Mercantile National Bank; Bartholomew O'Toole, president of Pullman Trust & Savings Bank; H. D. Pettibone, president of Chicago Title & Trust Company; Frank C. Rathje, president of Chicago City Bank & Trust Company; Guy F. Reed, executive vice president of Harris Trust & Savings Bank; W. C. Reimbold, president of Amalgamated Trust & Savings Bank;
INDEPENDENT BANKERS:

Be Sure to Attend Your Breakfast at A. B. A.

President Harry Harding of the 12th District I. B. A., president of the First National Bank of Pleasanton, California, expressly urges every banker in the United States who is concerned about preservation of America's independent dual banking system, to sit in at the breakfast meeting. The event is set early enough not to interfere with or overlap any regularly-scheduled A. B. A. session. All members of either of the Independent Bankers Associations are particularly expected.

Representative Spence was elected to Congress in 1930 and has been re-elected to each succeeding term. At the end of his present term he will have served 22 years. He became chairman of the banking and currency committee of the House on the death of the former chairman, Henry Steagall, in December 1943, and has held the post since that time, except for the two years of the 80th Congress.

Prior to his election to Congress, Representative Spence practiced law in Kentucky. He was a member of the state senate for four years, and city solicitor of Newport, Kentucky, for eight years.

The INDEPENDENT BANKER in its October issue will present an exclusive article by Representative Spence of vital interest to its readers. END

Chairmen and vice chairmen, respectively, of convention activities committees are:

Arrangements — M. A. Georgen, cashier of City National Bank & Trust Company; Paul M. Carrick, cashier of Continental Illinois National Bank & Trust Company.

Entertainment — William H. Miller, senior vice president of City National Bank & Trust Company; John H. Grier, vice president of First National Bank.


September 1951
**DID YOU KNOW...?**

**KNOW YOUR GEOGRAPHY?**

Then Answer This One:

If you fly straight south from Detroit, Michigan, what is the first foreign country you pass over?

(Don't look now, but the answer is at the bottom of this column.)*

A "flying printing press" for on-the-spot reproduction of aerial maps, charts and reconnaissance photographs at advance air strips and bases in Korea recently was developed by a Midwestern manufacturing company and turned over to the Air Force. The machine can be carried to bases near the front lines by airplane, unloaded, and put into operation within two hours.

Total annual pack of frozen foods from American farms has grown to 1,750,000,000 pounds per year, according to George L. Mentley of General Foods. The growth of the frozen foods industry from scratch in 1930 to its present stature is due largely to the economic freedom we enjoy in the United States, he pointed out, adding that farmers, manufacturers and employees all have benefitted from the achievements of the men who risked their capital to develop the frozen foods idea.

Private power companies supplying electricity to farms have set aside the week of August 26, 1951, as Rural Electrification Week. By that time, electricity will be available to about 15,000,000 of 15,500,000 occupied rural dwellings. The private companies pioneered rural electrification, and now serve about 47% of the farms using electricity. Electric power is expected to fill some of the gaps in farm manpower during the defense emergency.

* * *

Forty percent of the nation's people live within a 400-mile radius of Cincinnati, 18th largest city in the United States.

---

* * *

If you fly straight south from Detroit, Michigan, the first foreign country you pass over is Canada.

(Bet you missed!)

---

* Join The I. B. A.

**SUBSCRIBE TO THE INDEPENDENT BANKER**

---

**SMOKE?**

**SUPPLY YOUR NEEDS FROM AMERICA'S MOST MODERN TOBACCO SHOP!**

**IMPORTED PIPES**

Comoys - GBD - Peterson
Susieni - Dunhill - Loewe
Calabash - Meerschaum

**CIGARS - CIGARETTES - TOBACCO**

PIPES - LIGHTERS

**— Mail Orders Invited —**

**BILLY & MARTY TOBACCONISTS**

609 Marquette Ave. Minneapolis, Minn.
Telephone Geneva 3023

---

**III A IIIA IA IA II A**

**VIGILANCE is the PRICE OF Freedom**

---

**Arthur A. Smith**

Will Address Nationals

---

**ARTICLE**


Halls and meeting places—Donald McDougal, second vice president of Northern Trust Company; Louis H. Hammerstrom, vice president of Continental Illinois National Bank & Trust Company.

Hotel—C. Edgar Johnson, vice president of First National Bank; George S. Allen, vice president of Harris Trust & Savings Bank.


Ladies—Mrs. Carl A. Birdsall and Mrs. Homer J. Livingston, co-chairmen.


Transportation—Charles M. Nelson, vice president of Northern Trust Company; Charles C. Kuning, vice president of American National Bank & Trust Company.

---

**FORTY PERCENT OF THE NATION'S PEOPLE LIVE WITHIN A 400-MILE RADIUS OF CINCINNATI, 18TH LARGEST CITY IN THE UNITED STATES.**

---

**THE INDEPENDENT BANKER**
How can we enlist a large enough number of independent banks so that the Independent Bankers Association will have the strength to secure necessary legislation that will check multiple banking?

Reference to either Polk's or Rand-McNally's bank directory will show that multiple banking is definitely on the march. This Association hasn't trumped up an issue; it is visible to the naked eye. In certain sections of the country the independent bank is becoming rare. We do not know how independent banking can be preserved unless independent bankers are willing to join together and, through their collective strength, secure the passage of proper legislation. We believe that it is only through legislation that the lines can be held.

There are two Independent Bankers Associations that are making their weight felt in the legislative field in Washington. Our friends on the West Coast — the Independent Bankers Association of the 12th Federal Reserve District — and this Association operating in the other Federal Reserve districts, have for years supported legislation that would properly control the bank holding-company — one of the devices of multiple banking. In past years there have been times when success was almost on our doorstep. The strength of the two organizations wasn't quite enough. Trouble has come from the inability of reconciling the differences in views of the three federal supervisory agencies, plus, of course, the opposition of bank holding-companies.

The answer to our dilemma is apparently the enrollment of a bigger membership. How can that be secured? Don't independent bankers want to remain independent bankers? Do some independent bankers feel that they are safe from a marked trend, or is it that they do not want to stand up and be counted, or is there some fault in this organization that keeps them from membership? If there is a fault in the organization, the membership can remedy it. It is a Democratic association — all members, through a written ballot, have the opportunity to select the governing board.

Frankly, we feel that the lack of adequate growth of the organization has been due to lethargy on the part of a good many independent bankers. The times in recent years have been good; most banks are making money, and why worry about multiple banking when individually not pressed too hard.

Few will disagree with the statement that our old system of independent banking — home-owned, home-operated institutions — has made a great contribution to the growth of this country. Perhaps independent banking has been a deciding factor in the strides that business in this country has made. Independent banking fits in well with our Democratic philosophy. It is a bulwark against socialism. It furnishes good opposition to too much bureaucracy in Washington.

The independent banker has tremendous political influence but, unfortunately, this influence is seldom used to its fullest extent. How many independent bankers keep up a good acquaintance with their representatives in Washington? How many write to these representatives regarding vital issues?

This is a political nation; it is run by political parties, and all good citizens have a responsibility to themselves and to the nation which requires that they play their full part as members of the different parties.

We have stressed the necessity of legislation as a proper check on multiple banking, but there are things to do other than through legislative channels. The independent bank must offer the best of service, must have a deep understanding of the requirements of its clientele, must do a better job than a branch or a member of a bank holding-company. This, the independent bank can do, as it is more a part of the community than is a branch of a distant corporation. It can make its decisions with greater rapidity; it doesn't have to refer matters to the head office; its board of directors actually governs, and we still think, everything else equal, that the home-owned bank has a distinct advantage.
Mr. Delano, the Comptroller of the Currency, recently called attention to the fact that many banks fail to arrange for continuity in management. Officers of a bank may be very able, have the ability to run an excellent institution, but eventually old age catches up with them and if they haven't members of their staff who can carry on, the stockholders at the time of retirement of the old officers may feel it advantageous to sell to some branch-bank outfit or holding-company.

If we believe in independent banking, in its advantages to the country, our interests should go beyond the personal. We should preserve the old system for future generations. To make this possible, banking must offer inducements that will attract young people of ability, and, as this is rather a materialistic age, salaries must be in line with other occupa-
tions. That means the bank must make money, and that is a challenge to present management. We are afraid that the bank supervisory authorities in Washington over-stress liquidity. Perhaps bankers charge inadequately for services and lending rates are too low.

We have a feeling that the independent banks are negligent in advertising their independent status. It is a good avenue of approach in securing, as well as retaining, business. Your letterheads, your checks, your statements, your savings account books, your certificates of deposit, should clearly indicate your pride in your independence. In advertising, if the bank is a member of the Federal Deposit Insurance Corporation, it is necessary to so state. Why not make it a rule that along with that statement there appears the statement, "An Independent Bank" or "An Independent Home-Owned Bank"?

The fact that over 3,550 banks have joined this Association has proven to the financial world that many, at least, of the independent banks are interested in the preservation of our old system. If all the independent banks of the country would join either the West Coast organization or this Association, there would be sufficient strength to do the essential things in the preservation of independent banking.

How can we get that support? Why shouldn't we have it? The cause of independent banking is worth the effort. Without a strong Association, an Association that is devoting its interest primarily to this issue, the future of independent banking doesn't look too favorable.

It is the responsibility of independent bankers to band together and preserve the system. The public is with us, but the responsibility is ours to lead the way.

WHY COAL IS CLEAN

Air-cleaning of coal was begun 25 years ago, but did not become popular until after World War II, when the coal industry began to put greater emphasis on product preparation for better utility value. Washing and drying plants also are being used much more widely at bituminous coal mines.

THE INDEPENDENT BANKER
In one respect it is self-evident that inflation costs more than taxes. There is a long list of nations which have been wrecked by the excesses of inflation. There is no case on record of a nation being wrecked financially and economically by keeping its budget in balance.

There are cases in which the weight of unsound taxes has been heavy, notably the French regime before the Revolution. But the tax load on the French peasants was much intensified by “tax farming”, and the extravagance of the government was so great that even the tax sacrifices of the people did not suffice to prevent steady deterioration of the currency.

Inflation and taxation to support a balanced budget are mutually exclusive opposites. We have no actual case, therefore, in which a nation has tested the relative hardship of these two methods in turn, as ways of financing government during a given period. A demonstration of the relative cost and burden must therefore proceed from certain assumptions on which different projections are made over a future period.

To establish significantly different results, it is necessary to assume:

1. A substantial period of deficits, not less than 10 years; and,
2. A substantial amount of deficit financing.

A deficit in only one or two years, even though sizeable, would not be demonstrably ruinous, notwithstanding the amount of erosion it would produce in the value of the dollar. It is equally true that a very small deficit, say, not to exceed $1 billion in the federal budget of today, would not be demonstrably ruinous if it endured for 10 years or more. Again, there would be a certain erosion of the value of the currency, but the damage would not necessarily be irreparable.

The weak point in the argument of those who are now advocating deficit financing on the ground that it will be only for a year or so, is that they profess assurance on this point while admitting no certainty at all regarding the future world-wide situation. If it be true that there will be only a peak year or two of extreme spending, it follows that corresponding taxes can be endured for this short period, provided we are wise enough to lay the proper foundations for carrying this load while there is still time to act.

The principal test or measure of the damage done by inflation is the value of the currency. The practical evidence of inflation that most people see, are aware of, and are injured by, is the general rise of prices resulting from the creation of additional purchasing power by artificial means. Any broadly-based index of wholesale or retail prices will show wave-like up-and-down movements which are produced by the normal variations of supply and demand for the various commodities entering into the index. Ordinarily these swings are not great in relative magnitude, nor are they always in the same direction. A steady, continuous rise of prices in general is an indication of an inflationary cause. If the source is a private expansion of credit, there will be self-correcting adjustments which are usually gentle but occasionally violent. If the source is an expansion of credit through government loans, there is no self-correcting device and there may be no cessation of the trend short of complete collapse.

This steady rise of prices in general means an equally steady decline in the value of the standard monetary unit, in our case the dollar. Since the dollar is the standard measure of all values expressed in money terms, its decline in value or purchasing power is not limited to the commodities which are represented in price indexes. Rather, the decline extends to all values measurable in money.

During the period covered by the fiscal years 1920-1930 inclusive, there was an unbroken succession of federal budget surpluses. The government was regularly reducing its debt and from time to time federal taxes were also reduced. While there was, during this period, some growth of private mortgage debt, and, especially in the late 1920s, a tremendous rise of private bank debt for speculative purposes, there was a remarkable stability of prices,
with some decline of the price indexes toward the end of the decade.

Table 1 presents the wholesale price index and the dollar purchasing-power index for the years 1920-1930, inclusive.

<table>
<thead>
<tr>
<th>Year</th>
<th>Wholesale Index (1926=100)</th>
<th>Purchasing Power Index (1926-1929=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>154.4</td>
<td>69.8</td>
</tr>
<tr>
<td>1921</td>
<td>157.6</td>
<td>75.3</td>
</tr>
<tr>
<td>1922</td>
<td>96.7</td>
<td>83.5</td>
</tr>
<tr>
<td>1923</td>
<td>100.6</td>
<td>82.0</td>
</tr>
<tr>
<td>1924</td>
<td>98.1</td>
<td>81.8</td>
</tr>
<tr>
<td>1925</td>
<td>102.5</td>
<td>79.7</td>
</tr>
<tr>
<td>1926</td>
<td>100.0</td>
<td>79.1</td>
</tr>
<tr>
<td>1927</td>
<td>95.4</td>
<td>80.6</td>
</tr>
<tr>
<td>1928</td>
<td>96.7</td>
<td>81.6</td>
</tr>
<tr>
<td>1929</td>
<td>95.3</td>
<td>81.6</td>
</tr>
<tr>
<td>1930</td>
<td>96.4</td>
<td>83.5</td>
</tr>
</tbody>
</table>

The purchasing-power index is the reciprocal of the cost-of-living index. A rise of the index figure indicates, therefore, a rise of dollar buying-power, and vice versa. It will be noted that, in general, the purchasing-power index moves in the contrary direction of the wholesale price index, but without an exact correlation. The significant fact disclosed by this record for the present purpose is the comparative steadiness of the value of the dollar. Prices in 1920 were still influenced by the inflation of World War I. Once that influence had been eliminated by the short, sharp recession of 1920-1921, both series moved on a fairly even keel to 1930, when the depressed conditions following the break of 1929 had begun to leave their impression.

We do not contend here that the sound position of the federal finances accounted alone for this showing. There were other factors, notably a remarkable development of industrial output and productivity, and a steadiness of costs, as indicated by average weekly earnings in manufacturing. But it can be said that the absence of any basic inflationary contribution through federal deficit financing was a distinctly favorable factor in the relative stabilization of the currency and of prices that occurred.

From this brief glimpse of a decade of a balanced federal budget and its corollary condition of no deficit financing, we may proceed to a consideration of what may be expected to happen in the future, first, under the assumption that the budget is kept in balance, and, second, under the assumption that a substantial deficit is to be incurred.

In accord with the hypotheses set forth above, we assume a 10-year period, and a budget of $80 billion for each year of this period.

If taxes are levied currently to cover this budget, which would mean no resort to deficit financing, there would be, obviously, no artificial increase of purchasing power through government loans. There would be no further dilution of the value of the currency by increasing the volume of the public debt. There would be some variations of the wholesale price index, and of the consumer price index, just as there were during the decade of the 1920s, but these would be moderate and self-corrective, not a general, sweeping trend in one direction.

With no artificial increase in the supply of money and credit and a...
stabilization of prices within the moderate, normal limits of supply-and-demand adjustment, there would be also a stabilization of wages. Powerful unions might continue to demand wage increases, but their batting average would be low, for employers would not be receiving the large flow of cheap dollars that they get from the sale of their products when more money is being pumped into the economy through credit inflation.

There would be, no doubt, a continuation of the advance in productivity that has characterized the record of American industry for the past 150 years. To the extent that this occurred, it would be possible eventually to provide the necessary tax revenue at even lower rates of tax than would be required at the beginning of the period.

Most important of all, there would be no increase in the danger to which all fixed investments and all fixed incomes are exposed; namely, a further dilution of the dollar. The most serious form of dollar-dilution is an increase of the public debt. The increase of private debt, except that for paying personal consumption expenditures in excess of income, is offset by the existence of some form of asset, such as property mortgaged or pledged as security, inventory acquired for manufacturing or training purposes, or, in some cases, the known capacity of the borrower to create income through business operations from which to repay the debt.

The only asset which government has against its debt is the ability and willingness of the people to pay taxes necessary to cover interest and redeem principal. As the debt mounts there is normally greater resistance to taxes for principal retirement, and in time this resistance may extend to the taxes for interest. The procedure, as indicated by the course of history, is: first, to lighten the debt load by reducing the gold value of the dollar, and, second, as a final resort, outright repudiation.

Here is the end of the road that we travel in tolerating continued increase of the federal debt. The steady cheapening of the dollar as the debt increases is eventually legalized by an act of dollar devaluation. There have been rumors of such an act here, but thus far these have been
scotched. It is likely to happen, though, if we let further substantial debt increase occur, on the ground that realism demands it. This would then be true, because we shall have allowed the dollar to lose some part of the value it now has.

Again we begin with the assumption that the first year's budget will be $80 billion. In accord with the hypothesis that there must be a significant deficit, we assume revenues of $60 billion and a first-year deficit of $20 billion. This accords approximately with the prospect for the fiscal year 1953 under present tax law.

Even with no change in the scope of the government's program, a renewal of deficit financing on a substantial scale would lead to a rising dollar cost for the same goods and services. We have seen this happen in the year since the Korean war began. In this case the inflationary pressure came from expansion of private credit. The cost of a given military program has gone up by several billion dollars because of rising prices.

The rate at which the inflationary impetus would operate to increase prices cannot be foretold in advance. For the present purpose it is assumed that it would be 5% annually, which seems like a modest estimate. The inflation would also tend to increase the dollar amount of revenue produced by a given tax structure. If we assume a 5% annual increase in tax collections, the summary of expenditures and revenues over a 10-year period would be as follows:

<table>
<thead>
<tr>
<th>Years</th>
<th>Expenditures</th>
<th>Receipts</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>80</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>84</td>
<td>65</td>
<td>19</td>
</tr>
<tr>
<td>3</td>
<td>88.2</td>
<td>66.2</td>
<td>21.9</td>
</tr>
<tr>
<td>4</td>
<td>92.2</td>
<td>69.5</td>
<td>22.6</td>
</tr>
<tr>
<td>5</td>
<td>97.2</td>
<td>73.0</td>
<td>24.1</td>
</tr>
<tr>
<td>6</td>
<td>102.1</td>
<td>76.7</td>
<td>25.4</td>
</tr>
<tr>
<td>7</td>
<td>107.2</td>
<td>80.5</td>
<td>26.7</td>
</tr>
<tr>
<td>8</td>
<td>112.6</td>
<td>84.5</td>
<td>28.1</td>
</tr>
<tr>
<td>9</td>
<td>118.2</td>
<td>89.7</td>
<td>28.5</td>
</tr>
<tr>
<td>10</td>
<td>124.1</td>
<td>93.1</td>
<td>30.1</td>
</tr>
</tbody>
</table>

The sum of the deficits for the 10-year period is $251 billion. There is almost equal to the present federal debt. Some idea of the effect of such an increase on the value of the dollar may be had from the results produced by the debt increase from 1940 to the present. The over-all growth of the debt in this time was $213 billion, and there was approximately a 50% depreciation of the dollar. We could expect not less than a comparable degree of further depreciation from another doubling of the debt. This would mean that all values expressed in 1951 dollars would be cut in half. With reference to the 1939 dollar, the depreciation would be around 75%, possibly more.

The effect of this further decline in the value of the dollar upon various important forms of savings and fixed incomes may be illustrated as follows:

1. Value of life insurance in force, approximately $250 billion. This would shrink to $125 billion in terms of the 1951 dollar, and to $64 billion in terms of the 1939 dollar.

2. Value of all private debt, approximately $220 billion. This would be cut to $110 billion in terms of the 1951 dollar, and to $54 billion in terms of the 1939 dollar.

3. Face amount of the federal debt at the end of 10 years, approximately $610 billion. It would be worth only $305 billion in terms of the 1951 dollar, and only about $153 billion in terms of the 1939 dollar. The annual interest cost on this debt would be at least $20 billion annually. Every 30 years the total cost for interest would about equal the principal of the debt.

4. Value of all transfer payments (pensions, annuities, workmen's compensation, etc.), is about $12 billion today. Assuming the same dollar total, the purchasing power would be

<table>
<thead>
<tr>
<th>TABLE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of Expenditures, Receipts, and Deficits Over 10 Years, Assuming an Initial Deficit of $20 Billion and a 5% Annual Increase of Both Expenditures and Receipts Resulting from the Inflation</td>
</tr>
<tr>
<td>Years</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>10</td>
</tr>
</tbody>
</table>

On the other hand, taxation to maintain budget balance does not impair the value of past accumulations. Rather, by preventing further currency depreciation, it tends to sustain that value. It does cut into current income and hence, into current capacity to spend or save. But this inroad will last only as long as the large budgets are necessary. And, as has been so often pointed out, the real inroad into living standards is made by government diversion of goods and services, not by the withdrawal of money income by taxation.

The destructiveness of a prolonged, substantial inflation is not fully indicated, even by these projections and estimates. There would be a demoralization that cannot be expressed in any kind of statistical exhibits. Particularly severe would be the effect on saving. The prospect of a steady, certain erosion of the value of insurance, bonds, and other fixed income types of investment would certainly be adverse to thrift. To an even greater degree, the people would abandon the doctrines of self-support through thrift and foresight, and thus they would be forced into even greater reliance upon the government than is now the case. With the continued impairment of this basic economic virtue, there would be less capacity, and also less disposition, to resist the trend toward some form of statism. And this would be the final disaster to which inflation surely leads.
WASHINGTON — The Reconstruction Finance Corporation, recently under fire for its first loan of $34,-
400,000 to the Kaiser-Frazer automobile enterprise, also is being criti-
cised as a result of its own financial set-up.

For instance, the RFC reported a profit of about $5,200,000 in 1949, but the staff of a Congressional sub-committee estimated that the “profit” would have been turned into a loss of about $6,500,000 if the fed-
eral agency had to pay interest of 1 1/2% (the average cost of Treasury borrowings) on its capital stock and surplus.

The so-called “profit”, according to this estimate, was due to the fact that the Treasury let the RFC operate in part with taxpayers’ money on which it paid no interest.

The CIO apparently wants Con-
gress to keep the defense program on a pay-as-we-go basis, but wants business and the middle and upper income brackets to do most of the paying. Stanley H. Ruttenberg, CIO research director, outlined his or-
ganization’s views while arguing in favor of the proposed 12%% increase in the tax brackets of more than 100% on many high-
income taxpayers — would impose a levy that such an increase — plus state income taxes — would impose a levy of more than 100% on many high-
bracket taxpayers.

** **

Sentiment in favor of a manufac-
turers’ excise tax to help pay defense expenditures appears to be growing in most circles outside the profes-
sional political groups.

** **

Protests against a government-
backed housing project in Los An-
egles show how difficult it is to use federal funds economically in fields ordinarily handled by business.

The Los Angeles project will spend $111.7 million building low-rent dwelling units with funds obtained by selling government bonds issued by the federal government. Low rents and high costs, opponents of the project say, will mean that the buildings will operate at a loss, which will be made up with federal funds.

One reason for the protests is that the city already has a surplus of the type of apartments to be built. A Sunday paper recently carried 13 columns of “For Rent” ads, mostly for just this type of apartment.

Another reason for objection is that the city is condemning homes and other buildings to get sites for the new construction. Some homes in the area are valued at around $15,000. A clergyman, Rev. B. W. Wright, protested that he had been offered only $8,100 for church property which could not be replaced for less than $50,000.

Similar projects are being started in other sections of the country. More than 42,000 public-housing units were launched in government-sponsored projects between May and June, when private housing construction was declining 7% under fed-
eral restrictions. The building was authorized under the Federal Hous-
ing Act of 1949, and seems to be going ahead despite shortages of labor and materials.

** **

Office of Price Stabilization prop-
sals for a beef price rollback failed to make economic sense because they were based on the wrong premise that good to choice feeder cattle could be bought at $24 per hundred pounds, according to the magazine National Livestock Producer.

The OPS, the magazine says, figured that a profit of $40 per head could be made on feeder cattle bought at $24 per hundred pounds and sold at the proposed ceiling price of $31.20 per hundred.

“The flaw in OPS reasoning,” comments the magazine, “is that the going price for a good to choice feeder today is around $36 per hundred pounds. Bought at this price, fed $117.30 worth of feed, and marketed under the October ceiling (rejected by Congress), the result would be a loss of $41.70 per steer”.

* * *

The federal government hired new employees during July at the rate of about 1,500 per day. Total hired during the month was 45,100. The Army employed 60% of them, while 20% went to the Depart-
ments of Interior and Agriculture. The increase raised the total federal employment to 2,489,500.

* * *

Senator Byrd’s joint committee on reduction of non-essential federal ex-
penditures has found out that price control is expensive even before it starts controlling. The committee re-
ports that five of the six emergency control agencies only recently estab-
lished, have spent more than $1 million for furniture and supplies. A quarter of the sum, the committee discovered, was spent for “the most expensive type” furniture.

* * *

Senator Byrd also is looking into a report that the Post Office Depart-
ment is considering a plan to print multi-colored stamps. In view of the expense attached to such printing, Mr. Byrd started inquiries and learned that the project was due to
WITH the Federal Government running in the red, the threat of higher taxes casts a lengthening shadow across our financial future. Despite the November vote, registered in favor of economy in government, President Harry Truman insists on a substantial increase in taxes.

Public servants who promote higher taxes work on the wrong end of our national economy. It is the spending end of government that needs attention. If government were as efficient in spending the people’s money as it is in collecting it, we would have no serious problem in federal finance.

United States Senator Byrd of Virginia says that Congress can slash the federal budget $7,000,000,000 without serious consequences either to our national defense or domestic economy. And that if we fail to do it the people’s tax burden will have to be doubled to balance the federal budget. The Senator says if we fail to curtail our public spending we are headed for national bankruptcy.

The graveyard of history is filled with the dust of once proud and prosperous peoples who spent themselves into destruction. They never learned how much more important it is to know how to spend money than how to collect it.

Just as the individual who lives beyond his means is on his way to destitution, a nation that squanders the people’s substance commits financial suicide. Tinkering with the national currency, manipulating the purchasing power of the dollar, promoting inflation, will not save the government nor spare the people from inevitable poverty.

Only the tax-payers of the land can stay the hand of a spendthrift government. They alone can prevail upon their representatives in Washington to practice that same thrift in public expenditure that they expect of constituents in private, who are urged to spend less and buy Federal Savings Bonds.

The average American family would be having no financial problems today were it not for the Withholding Tax that the Federal Government takes for keeps out of the wages of its workers.

Just think how much more initiative and independence we would have if the people could spend more of the money they earn, but are now forced to turn over to the prodigal sons of Uncle Sam. There is no issue before the American people equal in importance to economy in government.

We Thrive On Thrift

* *

HANCOCK BANK
Bay St. Louis  *  Gulfport  *  Pass Christian
MISSISSIPPI

Strength . . . Stability . . . Integrity

Member Federal Deposit Insurance Corporation

complaints of stamp collectors to the effect that American postage stamps were not as popular in artistic circles as the multi-colored foreign stamps.

“Baseball is a game — not a business,” Ty Cobb, legendary “Georgia Peach” of baseball, told a House monopoly sub-committee.

Because he does not consider baseball a business, Mr. Cobb argued it should not be subject to regulation.

It was ironic that everybody — Representatives and the great Cobb, himself — seemed to feel that if baseball were a business, the government should have the right to interfere with it.

Price ceilings have been holding up since last January the manufacture of machine tools needed for the defense program.

Shortly after the first of the year, a corporation which had made hundreds of huge machine tools during World War II, offered to take over a mass of orders from regular tool-makers who were swamped under a two-year backlog. The Air Force jumped at the chance to speed up deliveries. However, investigation revealed that price ceilings made it impossible for the company to break even on the job.

The deal has been hanging fire despite the pressing need of the tools.

The Army has enough coffee on hand to supply all the Armed Forces for a full year, according to a House committee. Army’s stockpile amounts to 143,971,000 pounds, the group found. All the Armed Forces, it was said, use only 12,-870,000 pounds of coffee per month.

Washington Columnist George Dixon reports that his wife has found use for the big manila envelopes the federal bureaucracies use to send out their “news releases”.

The publicity material, Mr. Dixon explains, always is distributed in envelopes big enough to avoid folding the pages inside. So Mrs. Dixon now is saving the big manila envelopes for laundry and shopping bags.

“She says they are very handy for lugging home a dozen heads of cabbage,” Mr. Dixon observed — possibly with some exaggeration. END
The Bureau of Internal Revenue recently released a pamphlet reporting the results of its audit control program with respect to 1948 individual income tax returns. Under this program a cross-section of about 160,000 returns of the total of 52 million returns filed for that year, were selected as a representative sample for intensive audit. Based on the examination of this sample, the bureau has reached the following conclusions:

1. Of the 52 million returns filed, 14 million — or over one-fourth — were in error. Of those in error, nine-tenths had resulted in underpayment of tax, and only one-tenth in overpayment.

2. A net deficiency of $1.4 billion was estimated.

3. Almost one-half of the business returns filed contained tax errors, and these errors result in almost one-half of the total tax deficiency.

This survey has given the bureau a potent argument for increasing its investigation personnel and intensifying the audit of the returns filed. It also acts to point out the need of all business taxpayers for competent tax advice and assistance in preparation of their returns. It is usually cheaper, as well as more conducive to peace of mind, to pay the correct amount of tax with the original return. At best, it is disconcerting to discover several years later, on audit of the return, that a substantial tax is still due.

A correspondent in Iowa inquires as to the tax treatment to be accorded the sale of a farm together with a growing crop at a profit.

The profit from the sale of land, buildings, and machinery and equipment, will be treated as a long-term capital gain if the assets have been held over six months, either because the asset is by definition a capital asset, or because of the provision of Section 117(j). The crux of the problem is whether the same favorable treatment will be given to any value attaching to the growing crop.

The final word regarding this problem has not been said. The tax court has uniformly taken the position that a portion of the total sales price must be allocated to the growing crop, and that this amount constituted ordinary income, taxable in full. Some district courts have disagreed with the tax court, and found in favor of the taxpayer.

It would appear likely, however, that the opinion of the tax court may finally prevail. Until this matter is settled by the higher courts, any taxpayer hoping to get the benefit of the capital gain provisions must expect to do battle in the courts.

The determination of the value attaching to the growing crop presents a difficult problem in itself, and is a potential source of controversy. It is advisable, consequently, to take all possible steps at the time of the sale to bolster the allocation made to the crop.

From Montana, a reader writes:

"I am the chief stockholder of a corporation which has had substantial earnings in the past year. I have heard that there is some provision of the income tax laws requiring distribution of at least 70% of the earnings as dividends. Can this requirement be avoided?"

Our correspondent is thinking of Section 102 of the Internal Revenue Code. There has been general misunderstanding, however, of the purpose and function of this section. Some of the misunderstanding was fostered several years ago by a questionnaire included on corporate returns, asking whether 70% of current earnings had been distributed as dividends.

Section 102 provides for a penalty surtax to be applied to current additions to surplus if the surplus has been allowed to accumulate for the purpose of avoiding payment of surtax by the individual shareholders. There is no requirement that 70% of the earnings be distributed as dividends.

Section 102 provides for a penalty surtax to be applied to current additions to surplus if the surplus has been allowed to accumulate for the purpose of avoiding payment of surtax by the individual shareholders. There is no requirement that 70% of the earnings be distributed as dividends. If the accumulated surplus is needed for business purposes, such as working capital, retirement of indebtedness, or future expansion, the penalty sur-
tax will not apply even though no dividends are paid.

On the other hand, if the funds are not needed for business purposes, it will matter not that 70% of the earnings have been paid out as dividends; the penalty surtax would still apply to the undistributed portion.

When surplus has been permitted to accumulate beyond the immediate needs of the business, care should be exercised. If loans are then made to stockholders, they will be pointed to as indicative of the fact that the funds are not needed in the business. If the purpose of accumulation is future expansion, definite plans should be laid for such expansion. A nebulous hope of expansion some time in the indefinite future, existing only in the minds of the officers or directors, will not suffice to spell out a corporate purpose for accumulation of surplus.

All other things being equal, it may be well to lay plans now, when possible, to accelerate income and postpone expenses at year-end. Tax rates will most surely be higher in 1952.

Fred Buscher Elected to I. B. A. Executive Council

Newly-elected member of the Independent Bankers Association's executive council representing Minnesota is the popular F. A. Buscher, president of the National Bank of Commerce, Mankato. He was chosen by the state's I. B. A. members in a special election, to fill the unexpired term of the late L. C. Dorweiler, president of Chokio State Bank, Chokio.

Mr. Buscher entered banking at Vergas, Minnesota, after completing his formal education. Subsequently, he was associated with banks in Savage, Montana, and in Rogers and Anoka, Minnesota. Seventeen years ago he joined the National Bank of Commerce, Mankato, which he now heads.

For many years Mr. Buscher was actively interested in affairs of the Minnesota Bankers Association, having served as a member of its council of administration and as chairman of the insurance committee. He also was active in the 10th District Bankers Association of the M. B. A., serving in many capacities, including president. He is a member of the city planning commission at Mankato, vice president of the chamber of commerce, treasurer of Blue Earth county Red Cross, and for the past nine years has served on the city's board of education.

Indicative of the high esteem in which Mr. Buscher is held by his banker-friends was the make-up of the volunteer committee of Minnesota bankers who advanced him for the I. B. A. executive council post. Chairmanned by F. R. Schlichting of South St. Paul, the committee included:

G. A. Beito, Gonvick; C. H. Berge, Brainerd; Phillip M. Boll, Breckenridge; John Carlander, Faribault; D. Fay Case, Cannon Falls; C. Herbert Cornell, Minneapolis; C. F. Dabelstein, Rochester; B. J. Dallman, Truman; H. E. Glaeser, Good Thunder; J. F. Griepp, Staples; H. G. Hamre, Wood Lake; G. J. Hastings, Anoka; H. M. Heneman, Warroad; W. C. Holt, Calumet; A. W. Hoodcheck, Worthington; L. L. Klasse, Westbrook; W. C. Krog, Stillwater; E. J. LaFave, Morris; Lester Lipke, Stewart; H. N. Lungwitz, Monticello; Roman Niedzielski, Gilman; Jesse Olson, Redwood Falls; Frank P. Powers, Mora; Stanford Ronning, Browns Valley; F. T. Sankovitz, Waseca; F. J. Schugel, New Ulm; W. R. Siems, Williams; R. E. Sprague, Caledonia, and N. H. Talakson, Willmar.

Mr. Buscher will serve through the balance of Mr. Dorweiler's term, which ends January 1, 1953.

General Pass Book Co.
40 Merchant St.
STE. GENEVIEVE, MO.

* Exclusively manufacturing all styles of Pass Books and Check Covers

SOLD IN EVERY STATE IN THE COUNTRY, THROUGH MAIL, SALESMA and JOBBERS.
Rock Port, Missouri — Here’s a special invitation from this thriving community in northwestern Missouri (on Highway 275), to you folks who appreciate old glass and fine, modern glass: stop here next time you’re in the vicinity, and talk “shop” with George W. Boettner, president of the Bank of Atchison County. Glass is Mr. Boettner’s hobby. Since his son graduated from Massachusetts Institute of Technology, and he became interested in glass, the local banker has built up a noteworthy collection of fine specimens. Every year, upon his return from the East, Banker Boettner has to build more shelves to accommodate the additions to his extensive collection.

That’s where he was as this was written — in the East, spending his vacation at Lake Chautauqua, New York, with his son, George B., and grandchildren, at Corning, New York, where George, Jr., is an engineer with Corning Glass Company.

Glencoe, Minnesota — A banking career embracing 39 years was climaxed recently by the appointment of A. W. Hoese, president of the Security State Bank of Glencoe and the First State Bank of New Germany, as Minnesota’s new commissioner of banks. Named to the post by Governor Luther Youngdahl, Mr. Hoese succeeds K. O. Sattre, resigned to return to his former duties as vice president of Blue Earth State Bank, Blue Earth.

Prominently identified with this state’s banking activities for many years, Mr. Hoese is a member of Independent Bankers Association, and at the June convention of the Minnesota Bankers Association was re-elected treasurer for a second term. He has resigned that position in the light of his new appointment.

Past president of the Minnesota Valley Clearinghouse Association, Mr. Hoese has been active in civic, business and agriculture circles. He won a corn production championship as a young man, and for many years has been a regular attendant at national conventions of American Bankers Association.

Fremont, Nebraska — For the fifth time in nearly 50 years, the Stephens National Bank has changed its name. Now it’s the First National Bank of Fremont, because “of the goodwill value which the name First National carries”, says President William N. Mitten. The bank made the announcement in a series of five advertisements in the local newspaper, and a news story.

Greencastle, Indiana — In an unusual gesture to a competitor, the Central National Bank of Greencastle entertained some 80 guests at a goodwill dinner to the officers, directors and staffs of both banks, in honor of J. B. Crosby, president of First Citizens Bank & Trust Company, on his election as the new president of Indiana Bankers Association.

Fred L. O’Hair, the Central’s president and an outstanding national authority on soil conservation, presided and outlined Mr. Crosby’s career as a banker. He pointed out that Mr. Crosby was the third Greencastle resident to head the state association, the others having been Robert L. O’Hair of Central National and A. G. Brown of First National Bank.

Speaker of the evening was George Carroll, vice president of Merchants National Bank of Terre Haute. Among state banking leaders in attendance were Lee L. Mathews, president of American Trust Company, South Bend, former president of the state association; Ralph Horner, president of First Union Bank & Trust Company of Winamac, the association’s new vice president, and Don E. Warrick, executive manager of I. B. A.

Other out-of-town bankers present were Joe McDerm, director of the Department of Financial Institutions of Indiana; Willis Conner, Jr., vice president of Merchants National Bank; James M. Givens, vice president of Indiana National Bank; James S. Rogan and Howard M. Templeton, president and vice president, respectively, of American National Bank, all of Indianapolis; Nathan Call and Galen Irwin, president and cashier, respectively, of Roachdale Bank & Trust Company, and Clyde R. Randall (a director of Central National), from Terre Haute.

Avis, Pennsylvania — James M. Koch, cashier of the State Bank of Avis, has been elected secretary-

Other officers of Group IV are Paul C. Webb, president of Bloomsburg Bank-Columbia Trust Company, Bloomsburg, chairman, and Ralph Witmer, executive vice president of Snyder County Trust Company, Selinsgrove, council member.

Corona, California—August marked the anniversaries of Corona’s two pioneer independent banks: Citizens Bank, which was 64 years old on August 1, and First National Bank, 46 on August 11. Closely affiliated in ownership and management, the First National limits its business primarily to commercial banking, while the Citizens provides facilities for savings deposits. Combined resources as of June 30 were $6,964,564, compared to $2,139,544 a decade ago. F. E. Snedecor has served as president of First National Bank since 1937, and of the Citizens Bank since 1947.

Other officers of the two institutions are: A. M. Root, Jr., vice president; R. B. Snedecor, cashier, and W. B. Miller, assistant cashier, all of the First, and A. M. Root, Jr., vice president; H. E. Marzinke, cashier, and R. B. Snedecor, assistant cashier, of the Citizens Bank.

Peoria, Illinois — A large and highly-decorative revolving outdoor clock and sign now identify Jefferson Trust & Savings Bank. The clock is unique, reportedly only the seventh revolving clock in the United States. Its frame stands 8 feet high, 5 feet wide and 20 inches deep. Name of the bank is spelled out in large plexiglass letters, illuminated from the inside. Diameter of the clock is more than 40 inches.

On one side of the case is a 3-foot-diameter clockface, illuminated with white gas tubing from the inside. On the opposite side is an illuminated advertising panel incorporating the bank’s slogan, “A Bank You’ll Like”. As the 40-inch-diameter case revolves (one revolution in 28 seconds), the clock face is visible for a time, then the slogan, making about two complete turns per minute. The clock is electrically controlled by switches located inside the building, so that time can always be maintained correct without having to open the case.

Jacob W. Myers, vice president of the Jefferson Bank, has been appointed to volunteer chairmanship of Peoria County Defense Bond Division.

Kansas City, Missouri — Directors of Stock Yards National Bank held a special meeting recently at which it was unanimously decided to voluntarily liquidate the bank’s assets, as all furniture, fixtures, equipment and vaults were destroyed in the July floods.

Deposit liability of the bank’s depositors, both commercial and savings, was assumed by Commerce Trust Company, with no profit ensuing to either institution. Stock Yards National Bank was in excellent financial condition, and it was anticipated that stock of the bank would be liquidated at in excess of $300 per share. All officers and employees of Stock Yards National joined the staff of Commerce Trust Company, and five former officers were elected Commerce Trust officers.

B. M. Lamberson, president of Stock Yards, became vice president of Commerce; Edith E. Crabb, associated with Stock Yards’ cattle loan department for 25 years, became assistant vice president of Commerce; P. V. Miller, Jr., vice president of Stock Yards, became assistant vice president of Commerce; R. Warren Rhodes, assistant vice president of Stock Yards, became assistant cashier of Commerce; Lloyd Troxler, assistant vice president of Stock Yards, became assistant cashier of Commerce; Leo J. Stolzer was elected assistant cashier.

Omaha, Nebraska — Oscar H. Holquist, cashier of First National Bank, recently completed 45 years’ continuous service in the institution. Starting as messenger in 1905, Mr. Holquist advanced steadily to his present post. In point of years of service, he is the bank’s oldest employee.

Dallas, Texas — Stewart B. Evans has been promoted from assistant vice president to vice president and manager of the credit department, by Texas Bank & Trust Company. Mr. Evans has been with the bank since March 1950, previously was
review examiner for Federal Reserve Bank of Dallas.

Texas Bank & Trust Company has elected G. Stanley Metcalfe assistant vice president. Mr. Metcalfe got his first banking experience in 1923 at City National Bank, later joined First National Bank, left in 1940 to enter the Army, joined Crummer & Company, Dallas, in 1946, and since 1948 has been active in the bond department of Texas Bank & Trust Company. He will continue in that capacity.

Harrisburg, Pennsylvania — Three new country banker representatives to serve as the county point of liaison for developing and promoting sounder banker-farmer relationships, have been appointed by Pennsylvania Bankers Association. They are A. M. Johnston, president of Old Freeport Bank, Freeport (Armstrong county); Aaron S. Hassinger, cashier of Farmers National Bank, Watertown (Northumberland county), and C. Frank Ward, cashier of First National Bank of Fredericktown (Washington county).

Los Angeles, California — Six Los Angeles banks have announced year-around Saturday closing, following favorable reception of the policy on the part of the public since inception of the five-day week early this summer. Scheduled to remain closed hereafter on Saturdays in Los Angeles county are California Bank, September 1951.

Pierre, South Dakota — Services for James R. McKnight, 73, chairman of the board of the Pierre National Bank, were held August 16 at Trinity Episcopal church. Mr. McKnight, a director of the Federal Reserve Bank of Minneapolis in 1939-1950, entered the employ of the Pierre National Bank in 1903, became its president in 1919, chairman two years ago. He was a former president of South Dakota Bankers Association. Mrs. McKnight survives.

New Ulm, Minnesota — A double-barreled golden jubilee was observed here August 1 when the State Bank of New Ulm and its vice president and cashier, E. A. Stoll, both rounded out a half-century of community service. Hundreds of friends and patrons jammed the bank building at “open house” festivities, highlighted by a guessing contest, cash prizes for finders of lucky tickets tied to several toy balloons released over the city, carnations for the ladies, cigars for the men, favors for the kiddies.

Mr. Stoll started in as a clerk on the bank’s opening day, August 1, 1901, has served it continuously ever since. He was one of six pioneer Minnesota bankers honored at the state association’s convention in June.

Other staff members of the 50-year-old bank are Gust S. Stuebe, president; P. Kitzberger, F. J. Schugel, R. C. Dummer, L. J. Dauer and W. G. Arndt, assistant cashiers; Geneva Kroeger and Dennis Warta, bookkeepers, and Marion Schnobrich, teller. Directors are Messrs. Stuebe, Stoll, Kitzberger, H. J. Aufderheide, Carl F. Crone, William C. Muesing and Dr. H. A. Vogel.
Our correspondents enjoy a highly specialized and personal assistance on operating matters from our Comptroller’s Department. We are glad to suggest improvements — and in many cases economies — in accounting procedures, forms, etc. We are constantly adding to our file of information based on our own bank’s experience, plus work we have done with others.

American National Bank
AND TRUST COMPANY
MOBILE, ALABAMA
Member Federal Deposit Insurance Corporation

One of the Leading Independent Banks
Serving Southern Minnesota

F. A. Buscher, President
R. A. Christianson, Vice President and Cashier
Neal J. Ryan, Assistant Cashier
Clara Borgmeier, Assistant Cashier

National Bank of Commerce
IN MANKATO

Member Federal Deposit Insurance Corporation
Member Federal Reserve System
United States Depository

LOUIS E. CORRINGTON, JR.
has been appointed to represent American National Bank & Trust Company of Chicago in Indiana and Michigan, it is announced by Charles C. Kuning, vice president in charge of the correspondent bank division. Mr. Corrington has been with the bank since 1940, a member of its industrial loan division for the past five years. His commercial banking experience began in 1934 in a Chicago bank.

“Perhaps you never thought of going to church as a beauty treatment, but it’s a wonderful way to get your faith lifted.” — Sun Dial, Tampa, Florida.

“An optimist notes the green lights. A pessimist sees red. A philosopher is color-blind.” — Press, Beach, Delaware.

“You can get more sense out of newspapers when you realize that they report what human beings do and think.” — Eastern Plainsman, Hugo, Colorado.

“Nowadays the world revolves on our taxes.” — Censor, Fredonia, New York.

“A second-rate army is just as useless as the second-best poker hand.” — Western Hills Press, Cheviot, Ohio.

“In the pants industry, business is always best during the slack season.” — Wall Street Journal.

THE INDEPENDENT BANKER
Central California I.B.A. Elects New Officers

Harding and Eccles Are Speakers

One hundred and three members and guests of Independent Bankers Association of Central California attended the recent annual meeting at San Francisco's Hotel Sir Francis Drake. Top attraction of the evening's program, which included social hour, dinner and business meeting, was a talk by Marriner S. Eccles, until recently a member of the Board of Governors of the Federal Reserve System. Mr. Eccles presented highlights of his 17 years of public service, and discussed Treasury Department and Federal Reserve Board fiscal, monetary and credit policies since 1933.

President Harry J. Harding of the Independent Bankers Association of the 12th Federal Reserve District introduced Mr. Eccles and reviewed his public career. Toastmaster was Joseph Rogers, president of First National Bank, San Jose, retiring president of the Central California group.

Elected to succeed Mr. Rogers was Fred B. Walker of the First National Bank of San Mateo County, Redwood City, elevated from vice president.

Walter Dutro of Pajaro Valley National Bank, Watsonville, was named vice president, and Lawrence A. Wright of National Bank of San Mateo was re-elected secretary-treasurer.

These members were elected to the executive council:

Term expiring 1952 — Carl B. Peterson of Modesto Bank & Trust Company, Modesto; Ray J. Seller of County First National Bank of Santa Cruz; Gene Cecchini of First National Bank at Antioch.

Lieutenant Frederick Henry of Clinton, Oklahoma—Medal of Honor for sacrificing himself to save his platoon in combat near Am-Dong, Korea, September 1, 1950. When the platoon could no longer hold its position, Lieutenant Henry ordered the men to pull back. But someone had to stay behind to provide covering fire. He chose to be that man, and was lost.

Always remember this—Lieutenant Henry offered his life for more than just a small platoon in far-away Korea. It was also for America. For you.

Isn't there something you can do when this man did so much? Yes, there is. You can help keep the land he loved solid and strong and secure. You can do a job for defense . . . by buying United States Defense* Bonds, now! For your bonds give your country greater strength. And a strong America is your best hope for peace and freedom—just as it was his.

Defense is your job, too. For the sake of every man in service, and for yours, start buying more United States Defense Bonds now.

Remember that when you're buying bonds for national defense, you're also building a personal reserve of cash savings. Remember, too, that if you don't save regularly, you generally don't save at all. Money you take home usually is money spent. So sign up today in the Payroll Savings Plan where you work, or the Bond-A-Month Plan where you bank. For your country's security, and your own, buy U. S. Defense Bonds now!

*U.S. Savings Bonds are Defense Bonds - Buy them regularly!
Eight Wasted Months

When this night view of the national Capitol building appeared on our front cover last January, this caption ran under it: "Fate of Civilization Will Be Determined Here." Inside, this is what we said with reference to the cover picture:

"As the 82nd Congress convenes in Washington on January 3, the eyes of the world are focused on the national Capitol building. Decisions made here during the next few months will shape the whole future of these United States and of the world. God grant us wisdom!"

Apparently we spoke too soon, set our sights too high, asked for too much. Maybe that should have been all-too-evident even then. Certainly we know now that it was too big an order for our divided, undisciplined, leaderless 82nd Congress, which admittedly "takes a mighty long time to get a little done".

Investigations as usual, hearings ad infinitum, never-ending lobbying, necessary and not-so-necessary junketing, ceaseless and selfish jockeying for advantage at the inevitable "next election", ward politics of the cheapest sort — thus has Congress acquitted itself in this possibly fatal eight-month span since we piously hoped for bigger things.

Other Americans have their brows furrowed over it all, too. Referring to the "frantic flurry" that occurred at the Capitol as Congress found itself faced with a rapidly expiring Defense Production Act, its members vacillating from one stand to another, uncertain of where or how to go, finally managing to thrash out a last-minute version of the measure, Life magazine eloquently said:

"For the 82nd Congress, this was indeed an achievement. It was the fourth piece of major legislation passed in seven months. It had long since abandoned a summer recess and, at a time when the world was watching its every action, was well on its way to becoming the most ineffectual Congress in the nation's history. Now variously referred to as the 'Do-Little', 'Do-Nothing', 'Horse-Meat' and 'Investigating' Congress, it had started off with a bang — on its first day 1,023 bills were dropped in the House hopper for action. By the end of February it had passed only two. To date, 6,697 public bills have been introduced, and it has passed 78. **** Now, ***** the government is operating on a hand-to-mouth basis financed by an emergency extension. ***** Meanwhile, with no clear way ahead, the 82nd goes on investigating, speechmaking and beating its weary way through the hordes of lobbyists surrounding its members."

Baseball's reserve clause and the locations of its major-league franchises, age-old cribbing at West Point, influence peddling, guest shots on New York television shows — are these the things for which our Senators and Representatives were elected?

If, as we said last January, the fate of civilization is to be decided in Washington this term, the handwriting would seem to be already on the wall. God help America!

****

Ways and Means and Justice

As we write this we hear the AP wire dispatches covering Congressional discussion on whom to soak with those "needed" extra taxes. Shall it be across the board, covering all income brackets? Or shall it be on the upper and middle brackets? The debate completely shakes our faith in the lawmakers in Washington.

Mr. J. S. Tark, speaking for 17 bankers associations and approximately 3,800 independent banks, testified to the ways and means committee of the House of Representatives: "The banks merely ask that these savings and loan associations be taxed on the same and identical basis as banks and other corporations, not taxed at higher or different rates, but taxed on exactly the same rates. Bankers further assert that to so tax associations will not force a reduction in the dividends that may be paid to their members. In fact, because savings and loan associations invest almost 100% of their members' money in real estate mortgages, they certainly can pay dividends to their members with, at least, the same ease as banks pay interest to their depositors, and still pay taxes to the United States government."

We are not opposed to savings and loan associations per se. In the competitive spirit of the American Free Enterprise System they have a right to offer their services to the borrowing public, and the right to solicit stock purchases from the investing public. (Although we definitely do denounce certain of their advertisements which imply that such investments are deposits). What we do oppose most vigorously, most vehemently, is the sheer injustice of the law of the land which permits these institutions to be a privileged — legally privileged — class.

Mr. Tark, despite his fine work in appearing before the House ways and means committee and the Senate finance committee, should not be depended upon by us to carry the ball alone.

Legislators are not governed in all their actions by the spirit of justice and fair play. Their decisions grow in the climate of politics, public wishes, voter de-
mands. Tax equality, if it ever comes, will arise from the constant pressure of fair-minded citizens upon their elected federal representatives.

Why not start now to do your part? Write to your representatives today, expressing briefly your conclusions and wishes on this tax-fairness issue. Also, present your lucid argument to a dozen of your personal friends, a dozen of your business associates, and a dozen of your wife's friends. Persuade them to sit down for a few minutes to write to their Congressmen.

Tax injustice is possible, but only if we use the right ways and means.

** Controlled Prices On Bank Charges Help Kill Inflation Dragon **

The enforcement division of the Office of Price Stabilization reminded bankers just recently that while they are not "retail establishments" and need not post their pricelists, nonetheless the prices of their safe-deposit box rentals, service charges, checking accounts, etc., are covered and frozen.

An official of the OPS stated that there appeared to be "some confusion" as a result of the announcement of general exemptions for certain trustee services, and the removal of the requirement to post charges. It was emphasized that bank charges were frozen on the basis of highest charge between December 19, 1950 and January 25, 1951.

A year ago cotton prices were high and a lot of people in Washington were dashing around to avoid a heavy crop. This year's prospect of a heavy crop has brought prices down in the market place. Already there is a demand that the prices be supported, and chances are good that they will be.

California's grape crop is large. The growers are asking the government to restore the supports discontinued in 1949.

Nut growers, with a huge crop, want the Department of Agriculture to allow them to hold off from the market 25% of the crop, to avoid a softening of prices.

As we well know, appliance and car dealers set up a howl when the Federal Reserve authorities, in a conscientious drive to help stem the tide of inflation, stiffened instalment credit terms. Union leaders, ostensibly opponents of inflation, carried the banner for the inventory-laden, sales-losing dealers. Vociferously they demanded relief. Congress legislated easier terms.

On July 30, 1951, the state director of the Federal Housing Administration in Nebraska sent out a circular letter reading: "This letter will spike any unfounded rumor that FHA is out of business. The Omaha office is as busy as ever. The record speaks for itself. In the past three weeks we have insured loans on 52 housing units, **** issued commitments on 166. **** Applications are pouring in and we process them promptly. Keep your applications coming."

Just how vigorously are federal men working on this task of curbing credit? FHA funds are low, but the agency has asked Congress for a $3,000,000,000 increase.

After considerable study, the House appropriations committee approved a $56,000,000,000 defense program. The military authorities supposedly had been planning the program for at least a year. Secretary Acheson recently went into great detail about how carefully the plans were made. The Congressional committees have been debating those plans since January. Now government economy seems to be stalled a bit, the boom of the boom seems to be turning brown at the edges, and there is wide discussion of military projects calling for vastly increased expenditures. For instance, Mr. Vinson is just now advocating a further increase in the Air Force to 138 combat wings, opposed to present strength of 87. Just how sound were all those "well-made" plans?

Federal spending is recognized as the source of inflation and resultant price increases. When inflationary fears gripped the souls of our thinkers in Washington, there was in Congress a strong movement to hold down government expenditures. Now we are trying to make certain that we have a roaring boom economy 14 months hence, when the voters go to the polls.

Controlling runaway bank charges, controlling other people's prices, shooting the inflation dragon, is a popular sport in Washington. But the rule seems to be that the dragon must not be touched in a vital spot.

Were half the power that fills the world with terror,
Were half the wealth bestowed in camps and courts,
Given to redeem the human mind from error,
There were no need for arsenals or forts.

— Henry Wadsworth Longfellow.
Independent Banking

... is on the march!
... must be more vocal!
... needs your active support!

HOW TO DO IT?

... join your Independent Bankers Association!
... talk your independent banker neighbors into it!

... subscribe now to

The INDEPENDENT BANKER!

To: THE INDEPENDENT BANKER
306 WCCO BUILDING
MINNEAPOLIS, MINNESOTA

YES! Send me THE INDEPENDENT BANKER beginning with the next issue.
Put it on the basis I'm indicating with an X:

☐ Single subscription for one year (12 issues) ........................................ $6.00
☐ Group subscription of 3 copies each month for 12 months
  (at only $4.50 each) ................................................................. $13.50
☐ Group subscriptions of 4 or more copies each month for 12 months
  are at the rate of only $4.00 each.
  Send me ________ copies each month for 12 months $______

Name_________________________ Position_________________________
Bank_________________________ Town__________________________
State_________________________

Send me the bill

Date_________________________

MY CHECK IS ATTACHED
In our country it has been the historical function of the Independent Banker to assist free Americans and American enterprise in reaping the benefits of their labors. Throughout the years, the Independent Banker has provided the security, the financial counsel, and the essential funds, without which there could be no harvest.

How well the Independent Banker has labored is testified by the fact that today we are able to out-produce every other country—to turn out more goods and services for every hour we work—to enjoy a steadily rising standard of living.

Independent Bankers fully realize their obligations to the individual and the community. They are ever ready to support all worthwhile projects.

The Marquette National Bank commends the Independent Banker and his assumed objective of perpetuating the American way of life and, with it, the independent dual banking system.